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US EPA RECORDS CENTER REGION 5



429709

February 22, 2012

VIA E-MAIL AND US MAIL

Michelle Kerr
Remedial Project Manager
U.S. Environmental Protection Agency
-- Region 5
Superfund Division (SR-6J)
77 West Jackson Blvd.
Chicago, Illinois 60604-3590

Re: Schnitzer Steel's Response to Warehouse Code Review for the Chemetco
Superfund Site in Hartford, Illinois

Dear Ms. Kerr:

This letter further supplements Schnitzer Steel Products, Company's ("Schnitzer") response to the General Notice Letter concerning the Chemetco Superfund Site in Hartford, Illinois ("Chemetco Site") dated January 17, 2012, and Schnitzer's Supplemental Response to the General Notice Letter dated January 31, 2012. Schnitzer expressly incorporates its January 17, 2012 and January 31, 2012 responses into this letter.

On February 9, 2012, you sent an e-mail entitled "UPDATE from U.S. EPA: Chemetco Superfund Site v.4." Attached to this e-mail was an Excel spreadsheet "CORPDATA" (herein "CORPDATA Spreadsheet") that provided a key of the warehouse codes that were used in the PCON worksheet in the Recovered Transaction Database (herein "PCON Spreadsheet") that is included on the DVD that EPA promised to distribute to the potentially responsible parties ("PRPs") during the informational meeting on December 20, 2011, and that Schnitzer's counsel received on January 13, 2012. You also stated the following in the February 9, 2012 e-mail: "[a]n important reminder: as we described during the 12/20 Information Session, transactions in the database that listed a warehouse as a supplier were excluded from our analysis to identify potentially responsible parties. This was one of the steps we took to focus on transactions for materials sent to the Hartford smelting facility."

Schnitzer reviewed and analyzed the PCON Spreadsheet by searching for, among other things, Schnitzer's transactions listed by Schnitzer's supplier code (3LF). The

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PCON Spreadsheet lists thirty-eight (38) transactions in which Schnitzer allegedly sent materials to warehouses in Hartford, Illinois, or to Los Angeles, California. It is Schnitzer's understanding that the transactions described in the PCON Spreadsheet involved warehouse shipments among various parties and Chemetco. As Schnitzer discussed in its January 31, 2012 letter, the SAMPFL worksheet in the Recovered Transaction database (herein "SAMPFL Spreadsheet") listed forty-two (42) alleged transactions between Chemetco and Schnitzer totaling 555,901 pounds of materials. Based upon EPA's description of the contents of the SAMPFL Spreadsheet, all of the purported transactions listed in the SAMPFL Spreadsheet were not sent to warehouses, but rather to the Chemetco Site.

Schnitzer compared the thirty-eight transactions listed in the PCON Spreadsheet with the forty-two transactions listed in the SAMPFL Spreadsheet. Importantly, the PCON Spreadsheet lists three transactions from March 15, 2001 that are also listed on the SAMPFL Spreadsheet.¹ The combined weight of these three shipments is 44,129 pounds of materials. This means that three of Schnitzer's shipments to a warehouse in Hartford (listed on the PCON Spreadsheet) were also determined by EPA to be non-warehouse shipments (listed on the SAMPFL Spreadsheet). Since 44,129 pounds of materials were shipped to a warehouse as demonstrated by the CORPDATA Spreadsheet and the PCON Spreadsheet, Schnitzer's total of 555,901 pounds of materials to the Chemetco Site should be reduced by 44,129 pounds to 511,772 pounds.

Since the transactional database is the primary documentation that EPA relied upon to identify PRPs at the Chemetco Site, and transactions that listed a warehouse as a supplier were excluded from EPA's analysis to identify PRPs, Schnitzer respectfully requests that EPA, at a minimum, update its General Notice Letter to indicate that the transactional database demonstrates that Schnitzer provided, at most, 511,772 pounds of materials to the Chemetco Site. Moreover, consistent with Schnitzer's January 31, 2012 letter, Schnitzer respectfully requests that EPA reclassify Schnitzer as a party that has not arranged for over 1,000,000 pounds of materials to have been sent to the Chemetco Site.

In conclusion, based upon its review of the CORPDATA Spreadsheet, the PCON Spreadsheet, and the SAMPFL Spreadsheet on the recovered transaction database, as well as all of the documents on the DVD, Schnitzer has relied upon EPA's data to demonstrate that Schnitzer has not contributed 1,020,396 pounds of materials to the Chemetco Site that are listed in EPA's General Notice Letter. Rather, this number should be revised to, at most, 511,772 pounds of materials to not include the 44,129 pounds of materials that were shipped to a warehouse. Moreover, as discussed in Schnitzer's responses dated January 17, 2012, and January 31, 2012, Schnitzer believes that any materials that Chemetco transported from Schnitzer's premises to the Chemetco Site meet the criteria necessary to benefit from a defense under Superfund Recycling Equity Act of 1999 ("SREA"). Many of the materials that Chemetco purchased from Schnitzer's premises F.O.B. were commodity grade substances that, to Schnitzer's understanding, were destined for recycling markets and locations other

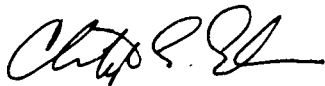
¹ The three transactions are as follows: (1) March 15, 2001: 20,206 pounds to a Hartford, IL, warehouse; (2) March 15, 2001: 4,124 pounds to a Hartford, IL, warehouse; and (3) March 15, 2001: 19,799 pounds to a Hartford, IL, warehouse.

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than the Chemetco Site. Therefore, these additional considerations may further reduce Schnitzer's purported contribution of 511,772 pounds of materials to the Chemetco Site.

Please let me know if you have any questions regarding this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris E. Erker", written in a cursive style.

Christopher E. Erker
Partner

Cc: Jim Jakubiak, Schnitzer Steel Industries, Inc.
John Kindschuh, Esq.
Monica Rodal, Esq.